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NEWMARK MERRILL COMPANIES, INC.

9
10 **UNITED STATES DISTRICT COURT**
11 **FOR THE CENTRAL DISTRICT OF CALIFORNIA**

12 NEWMARK MERRILL
COMPANIES, INC., a California
13 corporation,

14 Plaintiff,

15 v.

16 NEWMARK & COMPANY REAL
ESTATE, INC., a New York
17 corporation; NEWMARK GROUP,
INC., a Delaware corporation; and
18 DOES 1 through 10, inclusive,

19 Defendants.

Case No.

COMPLAINT FOR:

(1) BREACH OF CONTRACT;

**(2) UNFAIR COMPETITION AND
FALSE DESIGNATION OF
ORIGIN (15 U.S.C. § 1125(a));**

**(3) UNFAIR COMPETITION (Cal.
Bus. & Prof. § 17200)**

DEMAND FOR JURY TRIAL

21
22 Plaintiff, NEWMARK MERRILL COMPANIES, INC., a California corporation
23 (“NEWMARK MERRILL” or “Plaintiff”) by and through this Complaint against
24 Defendants Newmark & Company Real Estate, Inc., a New York corporation
25 (“NEWMARK & CO.”) and Newmark Group, Inc., a Delaware corporation
26 (“NEWMARK GROUP”) (collectively, “NEWMARK COMPANIES”), and DOES 1
27 through 10, inclusive, (each a “Defendant” and collectively, “Defendants”) alleges to
28 the Court as follows:

INTRODUCTION

1
2 1. Plaintiff, NEWMARK MERRILL COMPANIES, INC. (“NewMark
3 Merrill”), is a commercial real estate development and management company, and the
4 owner of the highly distinctive NEWMARK MERRILL trademark and stylized NM
5 NEWMARK MERRILL COMPANIES mark (collectively, the “NM Marks”).
6 NewMark Merrill has used the NM Marks in interstate commerce in connection with
7 retail shopping center management and real estate marketing services and related
8 services since at least 1997. Plaintiff owns federal trademark registrations and a
9 pending application for its NM Marks, namely U.S. Trademark Registration No.
10 2454531 and U.S. Trademark Application Serial No. 97500236 for the NEWMARK
11 MERRILL mark and U.S. Trademark Registration No. 3579194 for the stylized NM
12 NEWMARK MERRILL COMPANIES mark in the form shown below.



22 2. Plaintiff has provided its real estate and retail shopping center services for
23 more than 25 years under its NM Marks and has invested substantial time and resources
24 in developing its marks and the goodwill associated therewith. As a result, Plaintiff's
25 NM Marks have come to be recognized by consumers as identifying Plaintiff and its
26 recognized high quality services.

27 3. An issue previously arose between the parties based on Defendants' own
28 use of similar NEWMARK marks, consisting of NEWMARK alone and with other

1 terms, also in connection with commercial real estate and financial services
2 (collectively, the “NEWMARK Marks”), as Plaintiff was concerned that consumers had
3 been and were likely to continue to be misled and confused as to the source,
4 sponsorship, affiliation and/or endorsement of Defendants’ services.

5 4. The Parties, including various predecessor entities, entered into a
6 Settlement and Co-Existence Agreement in or around July 7, 2004 (the “2004
7 Agreement”) in which they agreed to various terms of co-existence, to resolve the above
8 concerns.¹ The agreement provided certain parameters for use of their respective marks.
9 Unfortunately, as discussed below, Defendants breached that Agreement, and as a result
10 are engaging in false designation of origin and unfair competition. The Parties were
11 attempting to negotiate a further agreement to resolve the outstanding issues, but
12 Defendants stopped responding to Plaintiff, rendering this action necessary.

13 **JURISDICTION AND VENUE**

14 5. This Court has original jurisdiction over this action pursuant to 28 U.S.C.
15 §§ 1331 and 1338(a) and (b), because this action arises under the laws of the United
16 States – namely, the Lanham Act. This Court has supplemental jurisdiction pursuant to
17 28 U.S.C. § 1367(a) of the related state law claims that are factually interdependent with
18 the federal law claims, and that arise from the same case or controversy.

19 6. This Court also has original jurisdiction pursuant to 28 U.S.C. § 1332 as
20 Plaintiff and Defendants are citizens of different states and upon information and belief
21 the amount in controversy exceeds \$75,000.

22 7. Upon information and belief, this Court has personal jurisdiction over
23 Defendants in that they transact substantial business in the State of California. By way
24 of example only, Defendants regularly advertise their business and services online to
25 consumers throughout the United States, including this judicial district. On information
26 and belief, Defendants also have offices and employees in California.

27
28 ¹ At the time of the 2004 Agreement, Plaintiff’s entity name was NewMark Merrill
Companies, LLC, which subsequently converted to NewMark Merrill Companies, Inc.

8. Upon information and belief, venue is proper in this District pursuant to 28 U.S.C. §§ 1391(b)(3) and 1391(c)(2) because Defendants are business entities subject to this Court's personal jurisdiction. Defendants also agreed to personal jurisdiction over them in this District pursuant to the terms of the executed 2004 Agreement.

THE PARTIES

9. Plaintiff NEWMARK MERRILL COMPANIES, INC. is a California corporation, having its principal place of business at 24025 Park Sorrento, Suite 300, Calabasas, CA 91302.

10. Defendant NEWMARK & COMPANY REAL ESTATE, INC. is a New York Corporation, having its principal place of business at 125 Park Avenue, New York, New York 10017.

11. Defendant NEWMARK GROUP, INC. is a Delaware Corporation, having its principal place of business at 125 Park Avenue, New York, New York 10017.

12. Upon information and belief, Defendant Newmark Group, Inc. is the parent company and/or affiliate of Defendant Newmark & Company Real Estate, Inc.

13. Plaintiff is ignorant of the true names and capacities of the defendants sued herein as DOES 1 through 10, inclusive, and therefore sues these defendants by such fictitious names. Plaintiff will seek to amend this Complaint to allege such names and capacities as soon as they are ascertained. Plaintiff is informed and believes, and on that basis alleges, that each of the fictitiously-named defendants is in some manner responsible, liable and/or obligated to Plaintiff in connection with the acts alleged herein.

14. Plaintiff is informed and believes, and thereon alleges that at all times mentioned herein, each of the Defendants shared a unity of interest. Specifically, each of the Defendants are the alter ego of each other, in that each is not only influenced and governed by each other, but there exists such a unity of interest between them that the individuality and separateness of each of them have ceased, and the facts are such that

an adherence to the fiction of the separate existence of each them would, under the particular circumstances, sanction a fraud or promote injustice.

GENERAL ALLEGATIONS

The Parties and Their 2004 Agreement

15. Plaintiff is a commercial real estate development and management company, and the owner of the highly distinctive NEWMARK MERRILL trademark and stylized NM NEWMARK MERRILL COMPANIES mark (collectively, the “NM Marks”), which it has used in connection with retail shopping center management and real estate marketing services among related services since at least 1997. Plaintiff owns the following federal trademark registrations and pending application for its NM Marks:

- a. U.S. Trademark Registration No. 2454531 for the NEWMARK MERRILL mark in standard characters (which protects the mark in all forms), registered in International Class 36 for use in connection with “Retail shopping center management services” since at least April 8, 1997;
- b. U.S. Trademark Application Serial No. 97500236 for the NEWMARK MERRILL mark in standard characters:
 - i. in International Class 35 for use since at least April 17, 1997 in connection with “Shopping center consulting, namely, providing consultation in the areas of market research, brand repositioning and commercial feasibility analysis for shopping centers; Marketing services; Real estate marketing services”;
 - ii. in International Class 36 for use since at least April 8, 1997 in connection with “Retail shopping center management services; Real estate management services, namely, retail shopping center management; leasing of shopping center space; shopping center consulting services, namely,

providing consultation in the areas of tenant leasing, real estate asset management, real estate investment and retail financing for shopping centers; Real estate acquisition and development services; Leasing of real estate; Real estate leasing services; property management services; Real estate services, namely, rental property management; Real estate services, namely, property management services for shopping malls”; and

iii. in International Class 37 for use since at least April 17, 1997 in connection with “Real estate development services in the field of shopping centers; shopping center consulting services, namely, providing consultation in the areas of construction administration and development of shopping centers” and

c. U.S. Trademark Registration No. 3579194 for the stylized NM NEWMARK MERRILL COMPANIES mark in the form shown below



i. in International Class 35 for use since at least April 17, 1997

1 in connection with “Shopping center consulting, namely,
 2 providing consultation in the areas of market research, brand
 3 repositioning and commercial feasibility analysis for
 4 shopping centers”;

5 ii. in International Class 36 for use since at least April 17, 1997
 6 in connection with “Real estate management services,
 7 namely, retail shopping center management; leasing of
 8 shopping center space; shopping center consulting services,
 9 namely, providing consultation in the areas of tenant leasing,
 10 real estate asset management, real estate investment and retail
 11 financing for shopping centers” and

12 iii. in International Class 37 for use since at least April 17, 1997
 13 in connection with “Real estate development services in the
 14 field of shopping centers; shopping center consulting
 15 services, namely, providing consultation in the areas of
 16 construction administration and development of shopping
 17 centers”.

18 16. Plaintiff’s federal trademark registrations are valid and subsisting, and are
 19 evidence that Plaintiff owns the exclusive right to the NM Marks, including in the
 20 stylized form shown above, nationwide, for use with those registered services.

21 17. Plaintiff has expended substantial time and resources in developing its NM
 22 Marks, including the goodwill associated therewith. As a result of Plaintiff’s continued
 23 and extensive use of its NM Marks for more than 25 years, consumers have come to
 24 recognize the NM Marks as identifying Plaintiff and its services. With offices in
 25 Longmont, Colorado, Los Angeles, Sacramento, San Diego and Chicago, NewMark
 26 Merrill owns and manages more than 12 million square feet of retail assets comprised
 27 of more than 2,000 tenants across 95 communities. NewMark Merrill’s
 28 accomplishments have been covered in various media publications, including, but not

1 limited to the Los Angeles Times' publication called: Los Angeles and Orange Counties
2 Business Commercial Real Estate (June 20, 2021); Globe St.com, Globe St 2021 Top
3 Influencers (June 11, 2021); Los Angeles Business Journal, 100 Fastest Growing
4 Private Companies 2019—Ranked No. 5 (Dec 3, 2019); Inc. 5000 (Nov 6, 2019), San
5 Fernando Valley Business Journal, NewMark Merrill Companies, Inc. Named #2
6 Fastest Growing Private Company (Nov 2019).

7 18. An issue previously arose between the parties based on Defendants' own
8 use of similar NEWMARK marks, consisting of NEWMARK alone and with other
9 terms, also in connection with commercial real estate and financial services
10 (collectively, the "NEWMARK Marks"), as Plaintiff was concerned that consumers had
11 been and were likely to continue to be misled and confused as to the source,
12 sponsorship, affiliation and/or endorsement of Defendants' services.

13 19. The Parties, including various predecessor Newmark Companies entities,
14 entered into a Settlement and Co-Existence Agreement in or around July 7, 2004 (the
15 "2004 Agreement") in which they agreed to various terms of co-existence, to resolve
16 the above concerns.

17 20. The executed 2004 Agreement includes certain restrictions on Defendants'
18 use of the term NEWMARK in connection with Defendants' services.

19 **Defendants' Misconduct**

20 21. On or about October 26, 2020, Plaintiff sent notice to Defendants that
21 Defendants were in breach of the 2004 Agreement, based on, *inter alia*, Defendants'
22 use of the term NEWMARK alone in certain states, and in publications and other
23 marketing materials, in connection with Defendants' retail brokerage services.

24 22. Defendants' use of the NEWMARK Marks in such manner is without
25 Plaintiff's authorization and breaches the 2004 Agreement.

26 23. Defendants' continued use of the NEWMARK Marks in such manner is
27 likely to confuse consumers to believe that Defendants are affiliated with Plaintiff,
28 thereby falsely designating the origin of Defendants' services and unfairly competing

1 with Plaintiff.

2 24. Defendants have been on actual and constructive notice of their breach of
3 the 2004 Agreement, yet continue to use the NEWMARK Marks in ways prohibited
4 under the 2004 Agreement.

5 25. At all relevant times, Defendants' misconduct was intentional, willful and
6 malicious, such that this is an exceptional case under the Lanham Act, and enhanced
7 damages are warranted.

8 26. Plaintiff is informed and believes, and thereupon alleges that, absent the
9 intervention of this Court, Defendants' willful violations will continue, and Plaintiff and
10 consumers will continue to be harmed.

11 **COUNT ONE**

12 **(Breach of Contract)**

13 **(Against All Defendants)**

14 27. Plaintiff repeats, re-alleges and hereby incorporates by reference, as
15 though specifically pleaded herein, the allegations contained in the paragraphs above.

16 28. As discussed herein, the Parties entered into the 2004 Agreement to resolve
17 Plaintiff's concerns about Defendants' use of confusingly similar trademarks in
18 connection with services which were similar to Plaintiff's own services. The 2004
19 Agreement imposed certain restrictions on Defendants' use of the term NEWMARK in
20 connection with Defendants' services going forward, as further discussed below.

21 29. Section 1 of the 2004 Agreement states as follows: The NCRE
22 Companies² agree that in California, Nevada and Arizona, the NCRE Companies shall
23 use the mark NEWMARK NEW SPECTRUM or NEWMARK PACIFIC when
24 identifying their "retail brokerage business."... The NCRE Companies further agree
25 that any promotional and/or marketing activities undertaken by NCRE with respect to
26 "retail brokerage business" shall allow third parties to distinguish such services from
27

28 ² Defendant Newmark & Company Real Estate, Inc is one of the parties referred to as
the NCRE Companies in the 2004 Agreement.

1 retail shopping center management services.

2 30. Section 2 of the 2004 Agreement states as follows: Except as provided in
3 paragraph 1 above, the NCRE Companies agree that in California, Nevada and Arizona,
4 when identifying any services relating to commercial real estate, the NCRE Companies
5 shall use the name NEWMARK only as part of the name and mark NEWMARK
6 PACIFIC.

7 31. Section 11 of the 2004 Agreement provides: In California, Nevada, and
8 Arizona, prior to any material change or modification of any mark, logo and/or design
9 which is the subject of this Agreement, the party seeking such material change or
10 modification shall submit for approval by the other party any such proposed material
11 change or modification in such detail as may reasonably be requested, such approval
12 not to be unreasonably withheld or delayed.

13 32. Section 12 of the 2004 Agreement provides: Each party shall cause any
14 future subsidiaries and/or Affiliates (as defined in paragraph 13 below) of such party to
15 abide by the terms and conditions set forth in this Agreement.

16 33. Section 22 of the 2004 Agreement provides: In the event of a material
17 breach of this Agreement, the non-breaching party shall provide the breaching party
18 with written notice stating in reasonable detail the nature of the breach. The breaching
19 party shall have thirty (30) days after the receipt of such written notice to cure such
20 breach, provided, however, that, in the event that the breach cannot be cured within such
21 thirty (30) day period, the breaching party must commence cure as promptly as
22 practicable and diligently proceeds thereafter to cure within a reasonable period of time.

23 34. Upon information and belief, long after the 2004 Agreement was executed,
24 Defendants began using the term NEWMARK in a manner not authorized by Plaintiff,
25 and in breach of the 2004 Agreement, including in connection with Defendants'
26 services, advertising, promotional and marketing activities. In particular, Defendants
27 began using, advertising, marketing and promoting the term NEWMARK alone and
28 without other formative words as required by the 2004 Agreement in certain states,

1 including in California, without seeking approval from Plaintiff, in violation of Sections
2 1, 2, 11 and 12 as set forth above. Attached hereto as **Exhibit A** is a true and correct
3 copy of Defendants' press release dated October 19, 2020 taken from Defendants'
4 website (www.nmrk.com) reflecting same.

5 35. Plaintiff sent Defendants a letter in October 2020 putting Defendants on
6 notice of their breach of the 2004 Agreement. Unfortunately, Defendants have not
7 cured their breach, which in and of itself is a violation of Section 22 of the 2004
8 Agreement.

9 36. As a result of Defendants' breach of the 2004 Agreement, Plaintiff has
10 suffered detriment to its business, goodwill, reputation and profits, all to its damage in
11 an amount yet to be determined.

12 37. Defendants have derived and, unless enjoined, will continue to derive
13 unlawful gains and profits as a result of their acts.

14 38. If the aforesaid acts are permitted to continue, further loss and damage and
15 irreparable injury will be sustained by Plaintiff, for which Plaintiff has no adequate
16 remedy at law.

17 **COUNT TWO**

18 **(Unfair Competition and False Designation of Origin)**

19 **(15 U.S.C. § 1125(a))**

20 **(Against All Defendants)**

21 39. Plaintiff repeats, re-alleges and hereby incorporates by reference, as
22 though specifically pleaded herein, the allegations contained in the paragraphs above.

23 40. Defendants are using the NEWMARK Marks in ways prohibited by the
24 2004 Agreement without authorization from Plaintiff in connection with retail
25 brokerage services, commercial real estate and related services that are of the same
26 general nature and type as those that Plaintiff has long used in connection with its own
27 NM Marks.

28 41. Defendants' unauthorized uses of the NEWMARK Marks are likely to

1 cause confusion to the general public as to the sources of Plaintiff's and Defendants'
2 respective services.

3 42. By misappropriating and using the NEWMARK Marks in breach of the
4 2004 Agreement, Defendants misrepresent and falsely describe to the general public the
5 origin and source of Defendants' services and create a likelihood of confusion by
6 ultimate purchasers as to the source, sponsorship, affiliation and/or endorsement of such
7 services.

8 43. Defendants' unauthorized use of the NEWMARK Marks in connection
9 with their services creates express and implied misrepresentations that those services
10 are affiliated with Plaintiff, all to Defendants' profit and Plaintiff's great damage and
11 injury.

12 44. Defendants' aforesaid acts violate Section 43(a) of the Lanham Act, 15.
13 U.S.C. § 1125(a), in that Defendants' uses of the NEWMARK Marks, in connection
14 with Defendants' services in interstate commerce constitutes a false designation of
15 origin, and unfair competition.

16 45. Plaintiff has no adequate remedy at law and, if Defendants' activities are
17 not enjoined, Plaintiff will continue to suffer irreparable harm and injury to its business,
18 goodwill and reputation.

19 46. As a result of Defendants' activities, Plaintiff has been damaged in an
20 amount to be determined at trial and including but not limited to the costs of this action.

21 47. Plaintiff is entitled to recover its actual damages and Defendants' profits
22 realized from Defendants' use of the confusingly similar NEWMARK Marks in ways
23 prohibited under the 2004 Agreement.

24 48. Furthermore, Defendants' continued willful violation of Plaintiff's rights
25 with full knowledge of said rights entitles Plaintiff to recover enhanced damages and
26 reasonable attorneys' fees.

27 ///

28 ///

COUNT THREE

(California State Unfair Competition)

(California Business and Professions Code §§ 17200 *et seq.*)

(Against All Defendants)

49. Plaintiff repeats, re-alleges and hereby incorporates by reference, as though specifically pleaded herein, the allegations contained in the paragraphs above.

50. California Business and Professional Code section 17200, *et seq.* (the “UCL”) prohibits unfair competition, that is, any unlawful, unfair or fraudulent business act or practice.

51. Defendants have committed acts of unfair competition as defined by the UCL. The aforesaid acts by Defendants are likely to cause injury to Plaintiff’s reputation and result in Defendants’ unfairly competing with Plaintiff in violation of the UCL.

52. Defendants’ actions as alleged above violate the “unfair” prong of the UCL because (a) the utility of such actions is outweighed by the gravity of the harm they cause to Plaintiff; (b) such actions are immoral, unethical, oppressive, unscrupulous and substantially injurious to consumers; and (c) such actions constitute incipient violations of state and federal antitrust laws.

53. Defendants’ actions as alleged above violate the “fraudulent” prong of the UCL because they are likely to mislead and confuse a statistically significant percentage of reasonable consumers.

54. Defendants’ actions as alleged above violate the “unlawful” prong of the UCL because those same actions also constitute violations of the state and federal statutes set forth in the Counts above. Defendants’ violation of each of those statutes represents an independently actionable unlawful business practice in violation of the UCL.

55. The UCL provides that the Court may restore to any person in interest any money or property which may have been acquired by means of unfair competition.

1 preliminarily enjoined and restrained, at first during the pendency of this action and,
2 thereafter, permanently:

3 a. from using NEWMARK alone, as part of a mark, trade name, or
4 domain name, on or in connection with the advertising, offering for sale or sale of any
5 retail brokerage, commercial real estate services or related services in California,
6 Arizona and Nevada, except as allowed under the 2004 Agreement;

7 b. from passing off, inducing, or enabling others to sell or pass off any
8 services as affiliated with, authorized or approved by Plaintiff;

9 c. from committing any acts calculated to cause purchasers to believe
10 that Defendants' services are sponsored, affiliated, endorsed, approved by, connected
11 with or guaranteed by Plaintiff; and

12 d. from otherwise competing unfairly with Plaintiff.

13 2. That Defendants, within thirty (30) days after service of judgment with
14 notice of entry thereof upon it, be required to file with the Court and serve upon Plaintiff
15 a written report under oath with penalty of perjury setting forth in detail the manner in
16 which Defendants have complied with paragraph 1 above.

17 3. That Defendants account for and pay over to Plaintiff profits realized by
18 Defendants by reason of Defendants' unlawful acts herein alleged.

19 4. That Plaintiff be awarded damages in an amount to be determined at trial
20 for Defendants' willful unauthorized use of the NM Marks in violation of the 2004
21 Agreement.

22 5. That Plaintiff be awarded three times the amount of its actual damages
23 pursuant to 15 U.S.C. §1117.

24 6. That Plaintiff be awarded punitive damages in an amount to be proven at
25 trial.

26 7. That Plaintiff be awarded reasonable attorneys' fees and such other and
27 further relief as the Court may deem equitable including, but not limited to, any relief
28 set forth in the 2004 Agreement and 15 U.S.C. § 1117.

1 8. That Defendants be ordered to disgorge all of their ill-gotten gains pursuant
2 to California Business and Professions Code § 17203.

3 9. For all such further relief as the Court finds proper.

4
5 Dated: March 30, 2023

LEWITT, HACKMAN, SHAPIRO,
MARSHALL & HARLAN

7 By: /s/ Jeffrey A. Kobulnick

8 JEFFREY A. KOBULNICK

9 MATTHEW J. SOROKY

HEIDY A. NURINDA

10 Attorneys for Plaintiff, NEWMARK
11 MERRILL COMPANIES, INC.
12 .

13 **DEMAND FOR JURY TRIAL**

14 Plaintiff NEWMARK MERRILL COMPANIES, INC. hereby demands a trial by
15 jury for all issues so triable in this action.

16
17 Dated: March 30, 2023

LEWITT, HACKMAN, SHAPIRO,
MARSHALL & HARLAN

19 By: /s/ Jeffrey A. Kobulnick

20 JEFFREY A. KOBULNICK

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23 MERRILL COMPANIES, INC.
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